BRITISH COLUMBIA

FAMILY MAINTENANCE ENFORCEMENT PROGRAM

ANNUAL REPORT
2010 – 2011

BRITISH
COLUMBIA
The Best Place on Earth

August 2011

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FOREWARD

WORKING TOGETHER FOR FAMILIES

Last year, more money was paid to families through the FMEP than ever before. The annual total was just shy of $180,000,000. The credit for this amount paid rests in a number of areas.

The vast majority of parents want to support their families, and most do so willingly. This year, parents enrolled in FMEP paid about 88 percent of the total amount that was due. Given that a small proportion pays nothing, this reflects well on the priority that most parents put on their children.

The credit for payments also rests with our partners in Canada, and in other countries. The Annual Report this year looks at the relative number of cases that have one parent living in another province or territory in Canada, in the United States and elsewhere in the world. British Columbia has agreements with 29 countries to recognize and enrol family support orders. Helping families who live across borders is an important part of the program.

British Columbia's largest partners are our neighbours. In Canada, we have more cases in common with Alberta than any other province or territory. In fact, more than one half of all the Canadian cases in common are with Alberta. When we look internationally, it comes as little surprise that Washington State is our largest partner. In addition to assisting the families that live "next door", we also have the opportunity to learn from each other about practices that work best for families and the other partners that work with family support programs. More information can be found on pages 7-9 in the report.

When payments are received, they must be disbursed quickly and accurately. This past year, over 500,000 payments were processed. Every day, over 2,000 payments are received and sent out to families. With the use of electronic funds transfer, support is received quickly without the risk of cheques going astray. Costs are lower for those who make payments, and for those who receive them in this way. In the coming year we will see a greater use of electronic banking with resulting benefits for all families.

We also use technology to make it easier to communicate with each other. Last year saw more than one million hits on the FMEP website, and a significant number of secure web messages sent to and from the program. This method allows for the free flow of information in a safe and secure environment, at times that are convenient to clients.

Technology can assist, but it will not replace the human element of what is a very human service. The staff and service partners who assist the families enrolled in FMEP deserve great credit for their work and their dedication to the families that live in British Columbia and in our partner jurisdictions.

By working together, the parents, partners and staff of FMEP made 2010-2011 an exceptional year.

Chris Beresford
Director of Maintenance Enforcement

1. FMEP HIGHLIGHTS 2010–2011

- The FMEP helped 43,000 families and just under 66,000 children in 2010-2011.
- 22 percent of the children on the FMEP caseload are now over the age of majority and the maintenance collected by the FMEP is an important support for these children in completing their education.
- The FMEP maintenance caseload grew slightly in 2010-2011, to just under 44,000 cases, but the case turnover remains high, with approximately 5,000 new cases coming in to the FMEP this year, and 5,000 cases leaving the FMEP.
- Cases where the recipient or payor lives outside British Columbia make up 21 percent of the caseload and 89 percent of these cases involve a parent living elsewhere in Canada.
- The number of cases where the support recipient is in receipt of income assistance was relatively stable for the last fiscal year, after growing for the last three years. These assigned cases make up only 16 percent of the caseload.
- The total amount of maintenance collected last year was over $179 million – an increase of almost four percent over the previous year.
- Over 82 percent of all recipients enrolled in the Program received some payment on their case.
- Where recipients were receiving payment, the average annual payment for the family was just under $4,900 for the year.
- Almost $2.5 billion has been collected since the Program started in 1988.
- The FMEP website received over one million hits, with one in four recipients now using the website on a regular basis.
- For the third year in a row the FMEP was cost-neutral to government, as it collected more in funds for recipients that were offset against income assistance than it cost to run the FMEP.

CLIENTS AND CASES

2.1 Overview

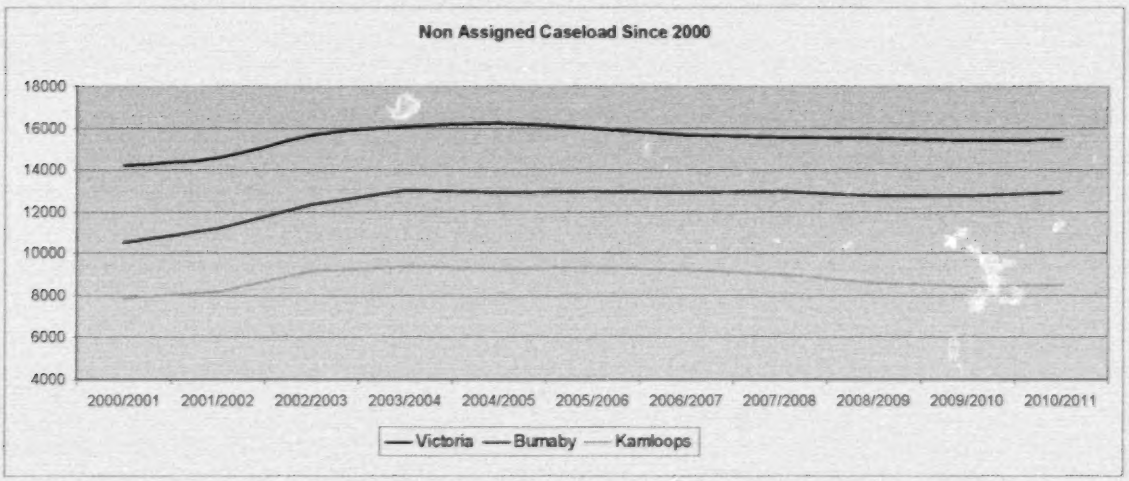
For the second year in a row, the overall caseload numbers are stable, with a total increase in caseload of only 24 cases. Maintenance cases continue to make up the majority of the caseload, comprising 96 percent of the caseload. The remaining four percent of the caseload is made up of government fee only cases.

2.2 Support Enforcement Cases

Within the overall caseload, the maintenance caseload continues to rise, and increased by 237 cases to just under 44,000 maintenance cases. Although the increase appears small, as in prior years, the small increase in total cases masks a significant turnover in cases over the year.

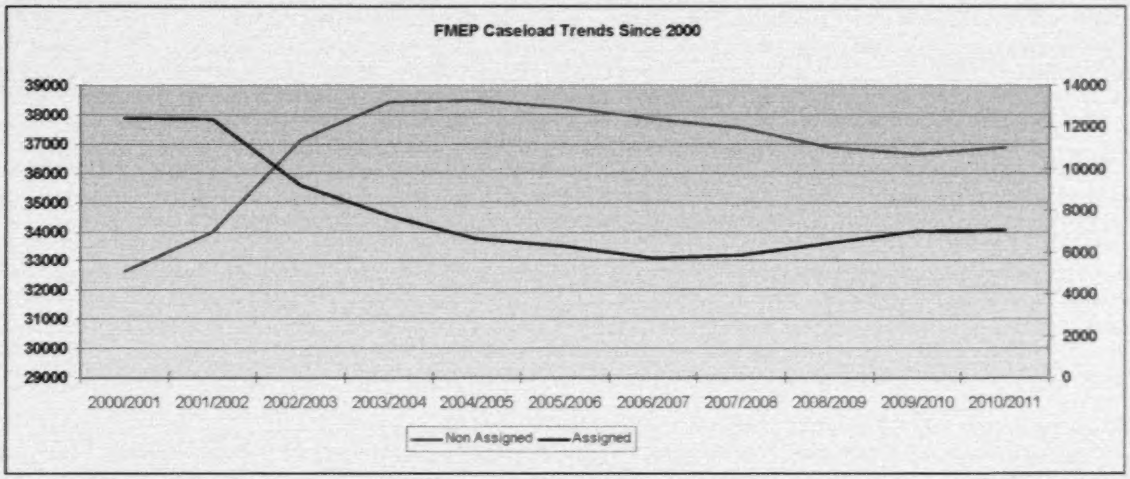
In 2010-2011, the FMEP enrolled 4,663 new cases, and 5,221 enrolled cases withdrew from the FMEP. In addition, a further 766 cases that had been enrolled in the FMEP in previous years, but had withdrawn, re-enrolled with the Program to have their orders again enforced. It is this large number of cases flowing into and out of the FMEP that keeps the size of the overall caseload relatively stable.

As in past years, the growth in caseload is centred primarily in the Lower Mainland Client Office. Since 2000-2001, the share of cases in that office has climbed to 36 percent of the caseload (15,747 cases). The Victoria office, which has the out-of-province cases as well as Vancouver Island cases, continues to have approximately 41 percent of the caseload. In comparison, the Northern and Interior Client Office has seen a seven percent decline in cases.



2.3 Trends in Assigned Cases

Within the support enforcement caseload, assigned cases, where the support recipient is in receipt of income assistance, rose slightly again last year. However, the growth in these types of cases, which was largely responsible for the overall growth in FMEP caseload between 2008 and 2010, was much slower this year. The total increase in the assigned caseload this year was 39. This type of case comprises just over 16 percent of the total caseload. As the chart below shows, the assigned caseload appears to have stabilized, while the non-assigned caseload continues to increase slowly.



2.4 Trends in Reciprocal Cases

Reciprocal cases (those where either the maintenance payor or recipient lives outside of British Columbia) comprise 21 percent of the FMEP maintenance caseload. In these cases, the FMEP works with similar support enforcement programs across Canada, the United States, and international partners around the world to collect and disburse maintenance to families. In 2010-2011 the FMEP saw a small increase (129 cases) in this category.

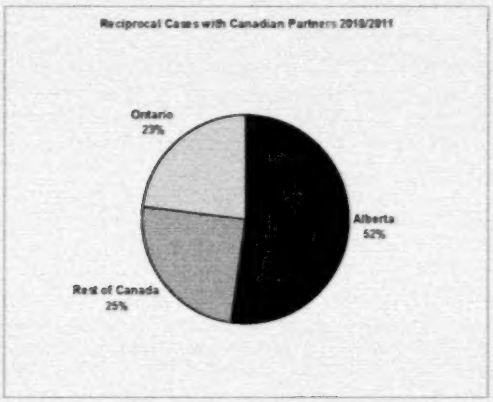
57 percent of the reciprocal cases are cases where the paying parent lives outside British Columbia, and another jurisdiction is assisting the FMEP to collect funds for a recipient and children living in British Columbia. The remaining 43 percent are cases where the paying parent is in British Columbia and the FMEP is enforcing for the benefit of a family that lives outside British Columbia.

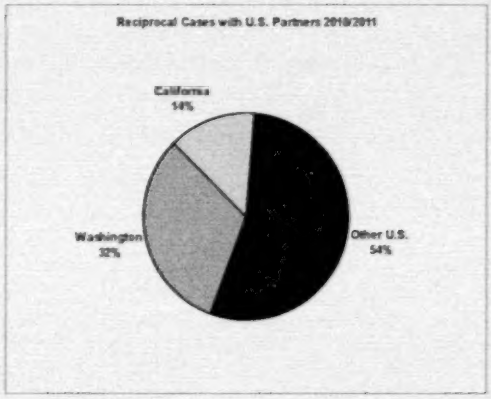
Alberta accounts for over 50% of the reciprocal cases that the FMEP has with other provinces and territories in Canada.

Washington State accounts for over one third of reciprocal cases that the FMEP has with the United States

Most reciprocal cases involve a paying or receiving parent living in Canada; only nine percent of the cases involve a parent (payor or recipient) living in the United States and only two percent are international cases.

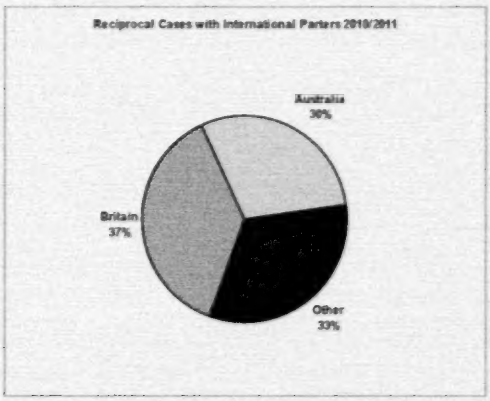
The largest partners for the FMEP in Canada are the provinces of Alberta and Ontario respectively. Alberta alone accounts for over 50 percent of all Canadian reciprocal cases. Combined they account for just over three quarters of all Canadian reciprocal files enrolled.





Reciprocal cases in the United States are slightly more disbursed and the two largest partners account for less than one half of all enrolled cases. The regional nature of the maintenance caseload is reflected in the fact that Washington State alone accounts for over one third of all U.S. cases enrolled with the FMEP. By way of comparison, the FMEP has more cases in common with Washington State than it does with Quebec.

A similar pattern emerges with international cases, where the United Kingdom and Australia account for over 60 percent of all reciprocal cases.



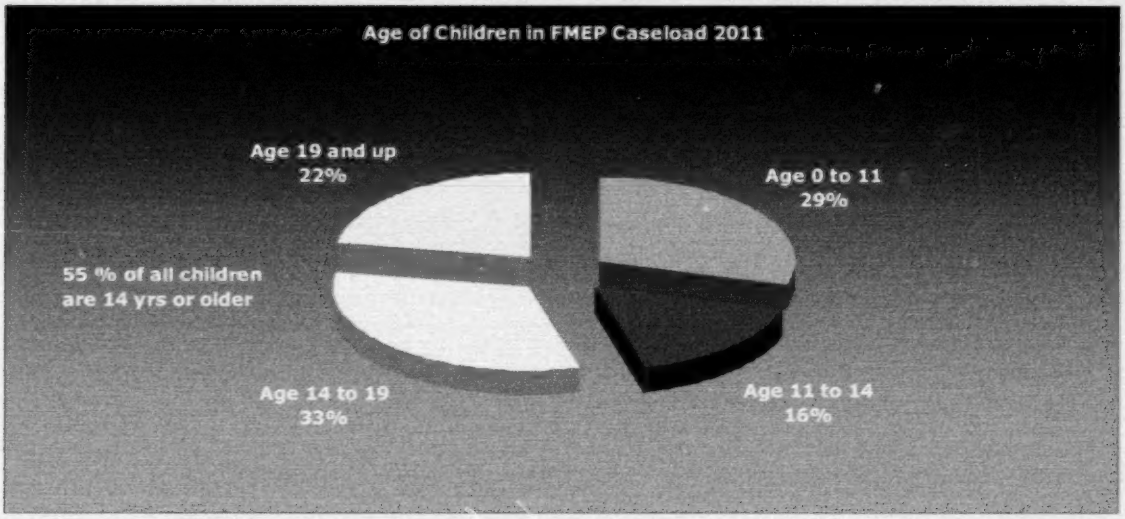
All of these percentages for reciprocal partners remained stable year to year.

2.5 Government Fee Cases

The FMEP also has a small number of cases where all maintenance, including arrears and interest, has been paid and the case remains open only to collect default fees owing to the government. Although these cases only make up just under four percent of the total caseload, they are an important part of the FMEP's strategy to be cost-neutral to government, discussed below. Over the past three years, collection efforts focused on these cases have reduced the number of cases with outstanding fees from almost 19 percent of the caseload to the current figure of just under four percent of the caseload.

2.6 Our Clients

Although the number of FMEP enrolled cases increased slightly this year, the number of children on the FMEP caseload dropped slightly, for the third year in a row. In 2010-2011, the FMEP enforced child support for 65,697 children, an average of 1.5 children per case. The majority of these children (55 percent) are over 14 years of age, with 22 percent of the total children on the caseload 19 years of age or older. This is shown in the chart below.



The large number of older children on the FMEP caseload reflects the general trend in British Columbia for children to remain dependent upon their parents for a longer period of time as they finish schooling and find employment. The FMEP continues to play a very important role in British Columbia in ensuring that these children receive the support they need in order to complete high school, move on to post-secondary school and ultimately move into meaningful employment.

The FMEP plays an important role in ensuring that children are able to continue with their post-secondary education and enter the workforce. In 2010-2011, more than 1 in 5 children on the FMEP caseload was 19 years of age or older.

There are 84,214 parents on the FMEP caseload. Most of them are in their early 40s with payors just over 44 years of age, and recipients just over 41. The age of payors and

recipients has remained fairly constant over the past three years. The FMEP caseload also reflects the growing number of parents who re-partner over the course of their lives. The number of FMEP clients with more than one case continues to grow; 3.9 percent of recipients and 4.5 percent of payors have more than one case enrolled in the FMEP.

20 percent of payors and 18 percent of recipients live in Surrey, Vancouver or Victoria. The Greater Vancouver area alone (Vancouver, Surrey, Richmond, Burnaby, New Westminster, Maple Ridge, Coquitlam, North Vancouver and Delta) accounted for 25 percent of payors and 23 percent of recipients.

16 percent of recipients and 10 percent of payors are in receipt of income assistance. This number has risen slightly over the past two years, reflecting the general economic difficulties that many people in British Columbia have experienced.

> *"Thank you for all your help in the past and I would like to let you know that your services served me and my family greatly! I am so happy that FMEP is there to help others in need; you guys probably don't get much gratitude for your work, so from my heart and my family, keep up the good work."*
>
> - FMEP Recipient

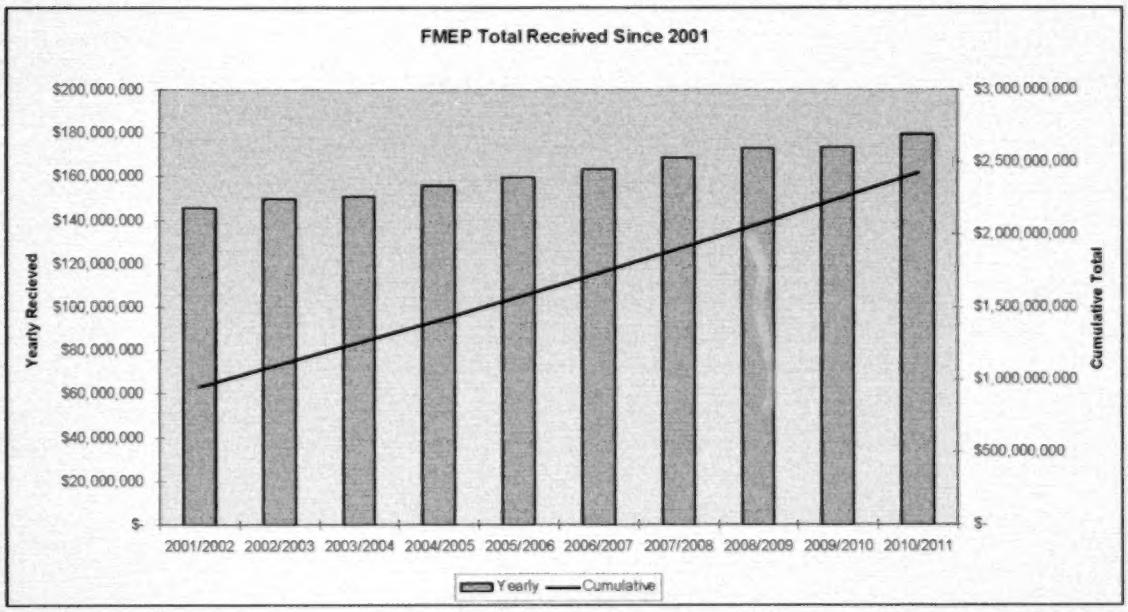
3. FAMILY SUPPORT OUTCOMES

3.1 Payments Received

The strong growth in FMEP collections continued in the 2010-2011 year. Total collections increased by 3.6 percent over the previous year to $179,671,012, despite the relatively static caseload and the difficult economic times. The amount collected in 2010-2011 was $16.5 million more than was collected in 2006-2007. More families and more children are receiving the support they need each year.

> Over 82 percent of all recipients enrolled in the Program received some payment on their case in 2010-2011.

The total amount collected by the FMEP since the Program started in 1988 is now approaching $2.5 billion. One third of this has been collected in the last 5 years alone. The chart below shows the significant increases in collections since 2000-2001.

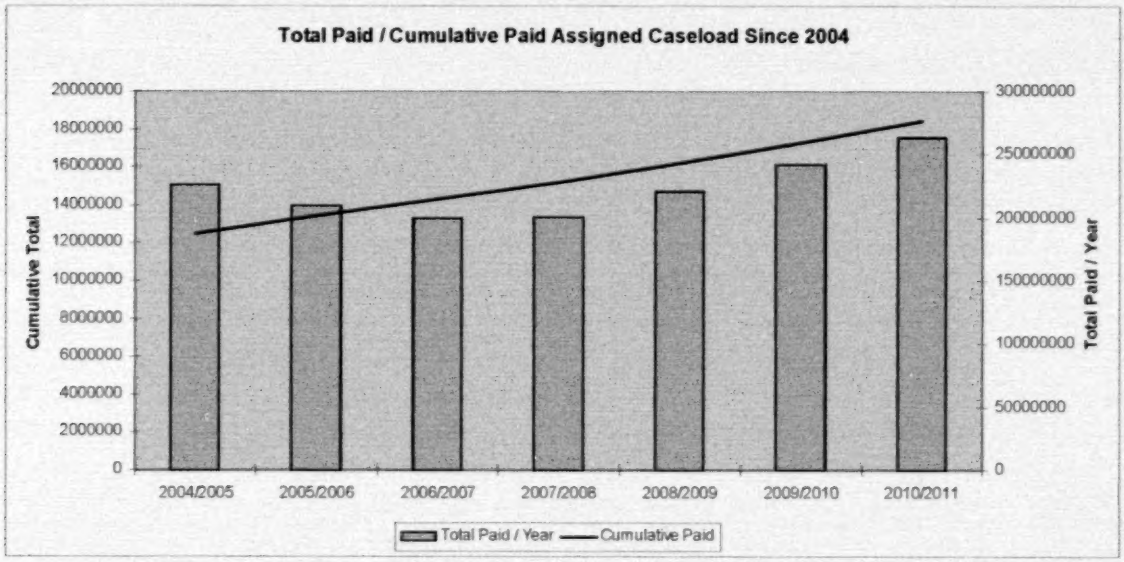


On average, a case where a recipient receives funds from the FMEP, they receive $4,882 over the year, an amount that has steadily increased over the past three years. Just over 82 percent of recipients enrolled in the FMEP received a payment on their case this year, a slight decrease from last year.

3.2 Collections on Assigned Cases

The FMEP continues to be an important cost recovery program for the government, collecting over $17.5 million on assigned cases. All of these funds were offset against social assistance

costs for recipients in receipt of social assistance in British Columbia. Funds collected on assigned cases have increased steadily over the past seven years, with an overall increase of 17 percent over that time. Total collections on assigned cases since 1997 now exceeds $275 million.



3.3 Interest

Interest continues to be an important source of funds for recipients. In its 15th year of collecting interest, the FMEP collected $2.3 million in interest for recipients, bringing the total interest collected by the FMEP since 1997 (when the legislation was changed to provide for interest) to over $23 million. As more provinces in Canada start collecting interest, we expect to see collections on interest increase significantly.

3.4 Collections on Reciprocal Cases

Collections on our reciprocal (out-of-province) cases continue to remain strong. Over the past four years, total collections on cases where one party lives in BC and the other party lives in another province in Canada have exceeded $100 million. The BC FMEP and its Canadian maintenance enforcement partners collected a combined $26.1 million on these cases in 2010-2011.

Many of the families that the FMEP help live in other parts of Canada. In 2010-2011, $26 million was collected for families where one parent lives outside BC.

Alberta, as our largest Canadian partner (52 percent of all cases), represents a significant share of Canadian reciprocal monies collected. 56 percent of the total collections on Canadian reciprocal cases go to cases where one of the parents lives in Alberta.

Over the past four years, the BC FMEP has collected $16.7 million for maintenance recipients living in Alberta; over the same period of time the Alberta Maintenance Enforcement Program has collected $40.3 million for recipients living in British Columbia. The disparity in

collections reflects the disparity in case size – for every case where the BC FMEP is enforcing for a recipient in Alberta, the Alberta program is enforcing two cases for BC residents.

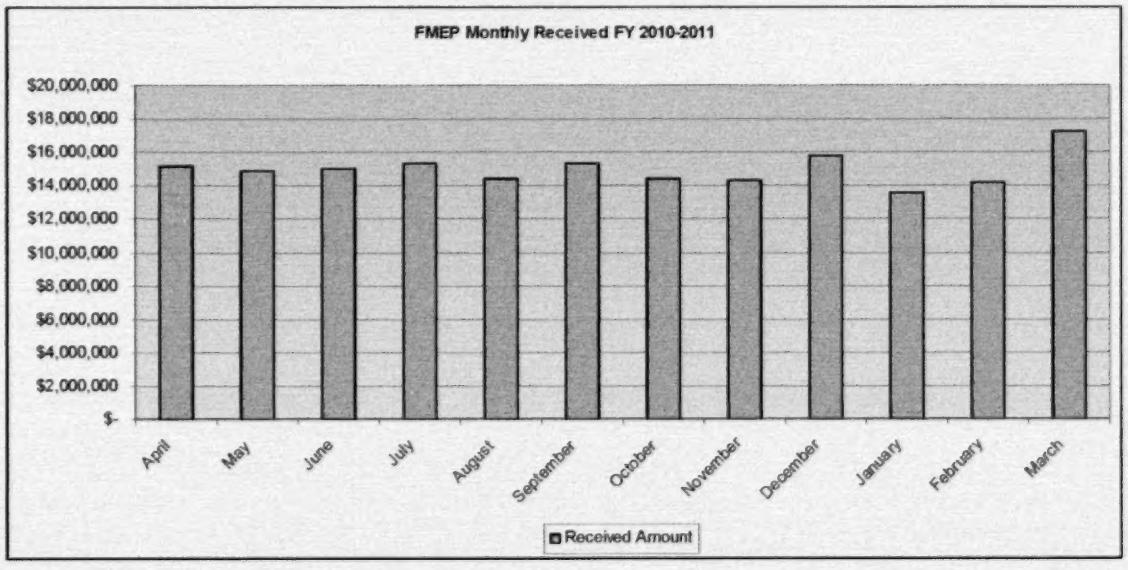
International collections accounted for $3.57 million of the total FMEP collections in 2010-2011. The United States is British Columbia's largest international partner. It accounts for over 88 percent of monies on international cases.

Similar to the pattern with Canadian cases, there are many more cases where another country is enforcing for a BC recipient than cases where the BC FMEP is enforcing for out-of-country recipients. As the single largest U.S. partner, Washington State (32 percent of cases), accounts for about 27 percent of the payments on cases with the United States.

3.5 Collection Rates and Arrears

Almost $2.5 billion in maintenance has been collected since the Program started in 1988.

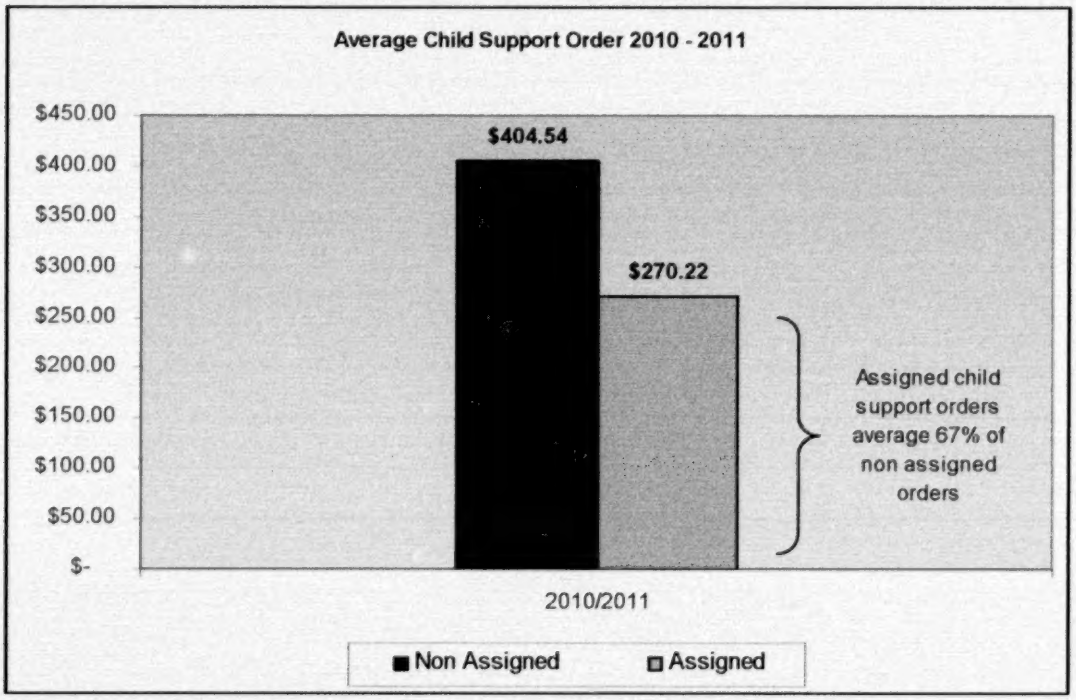
The FMEP collection rate (based on the total due and total received) was 87.5 percent, down slightly from 88.3 percent in 2009-2010. Each month in 2010-2011 saw a marked increase in collections over the previous year, with collections in the month of March 2011 exceeding $17 million, the largest amount ever collected in a single month in the history of the FMEP. This single month total was almost twice the total amount collected for the entire year in 1989-1990, the first full year of FMEP operations.



Starting in 2011-2012, the FMEP will regularly report on the percentage of cases with arrears more than or less than $3,000, providing a good snapshot of the characteristics of the cases that the FMEP is enforcing.

3.6 Child Support Orders

In 2010-2011, the average monthly amount of child support owed to recipients under the orders being enforced by the FMEP increased by almost six percent. For cases where both payor and recipient are in British Columbia and the recipient is not on income assistance, the average child support order amount is now $404 per month. Cases where the recipients are in receipt of income assistance have significantly lower maintenance orders, averaging $270 per month.

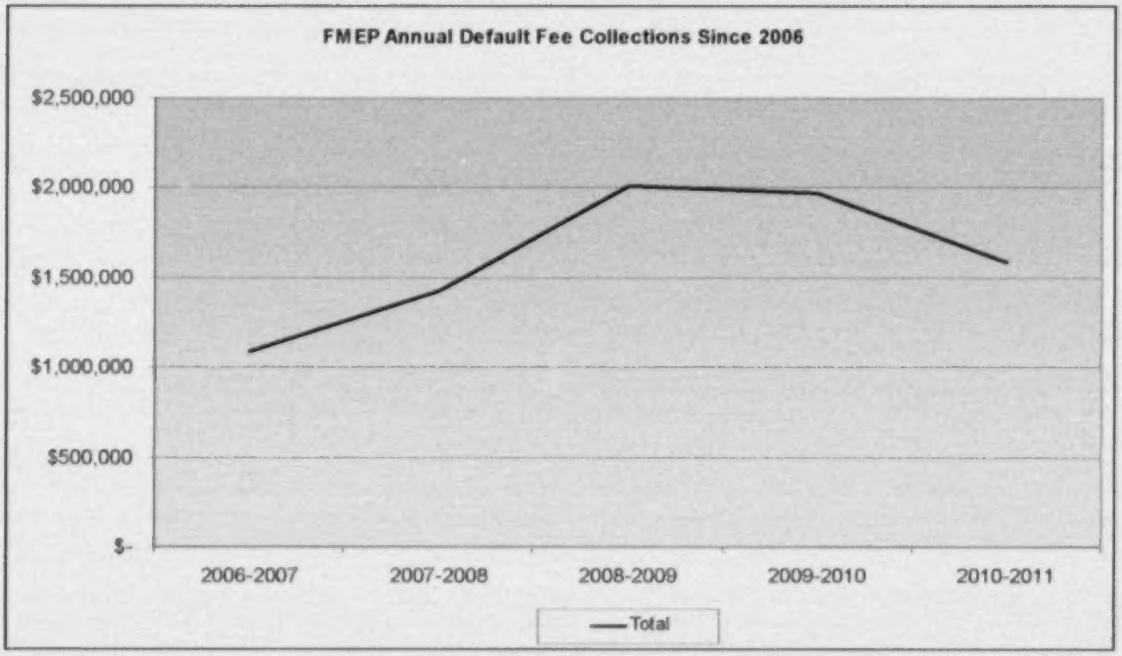


3.7 Recovery for Government

In addition to the cost offset of over $17.5 million collected by the FMEP this last fiscal year on assigned cases, the FMEP also collects default fees owing to government. These fees are recovered only after all maintenance, including arrears and interest owing to the recipient, has been paid.

For the third year in a row, the FMEP remained cost neutral for government.

The total default fees recovered in 2010-2011 was down slightly from the previous year, with just over $1.5 million recovered for government. As the default fee caseload has decreased, the funds recovered have also decreased, as shown in the chart below. Notwithstanding the decrease, the total amount collected for the government for default fees, since their introduction in 1997, now exceeds $12.6 million.



The total amount recovered for the default fee, together with the funds offset against income assistance, made the FMEP cost neutral for government for the third year in a row.

4. PROGRAM OPERATIONS

4.1 Enrolment

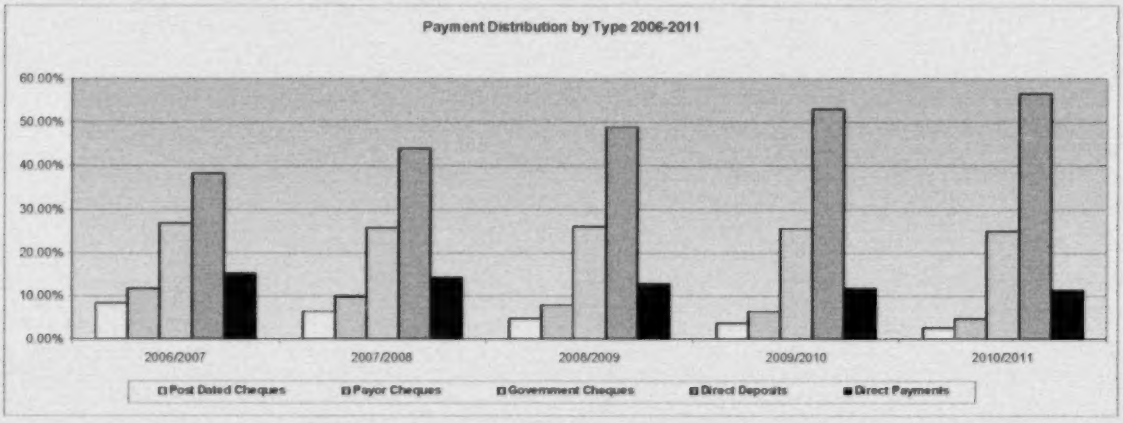
There continues to be a significant turnover in FMEP cases over the year. The Enrolment Office enrolled 4,663 new cases in 2010-2011, and re-enrolled another 766 cases, for a total of 5,429 new cases coming into the FMEP over the year, slightly fewer cases than last year. The number of cases withdrawing over the year wa also down slightly, but as in 2009-2010, the number of new and re-enrolled cases exceeded the number withdrawing, leading to the small increase in overall caseload.

Although the overall FMEP caseload has remained relatively stable over the past few years, there is significant turnover within it. Each year, approximately 5000 new cases come into the FMEP and 5000 cases withdraw.

Throughout the year, in any given month, there are an additional 1,300 cases awaiting the necessary documentation to complete enrolment. One of the most significant delays in enrolment in 2010-2011, as in previous years, was the need to get certified copies of orders from the Court Registry in order to complete registration. Changes to the Regulations for the *Family Maintenance Enforcement Act* in 2011 are expected to reduce the need for copies of orders from the Courts, allowing new cases to proceed more quickly through the enrolment process.

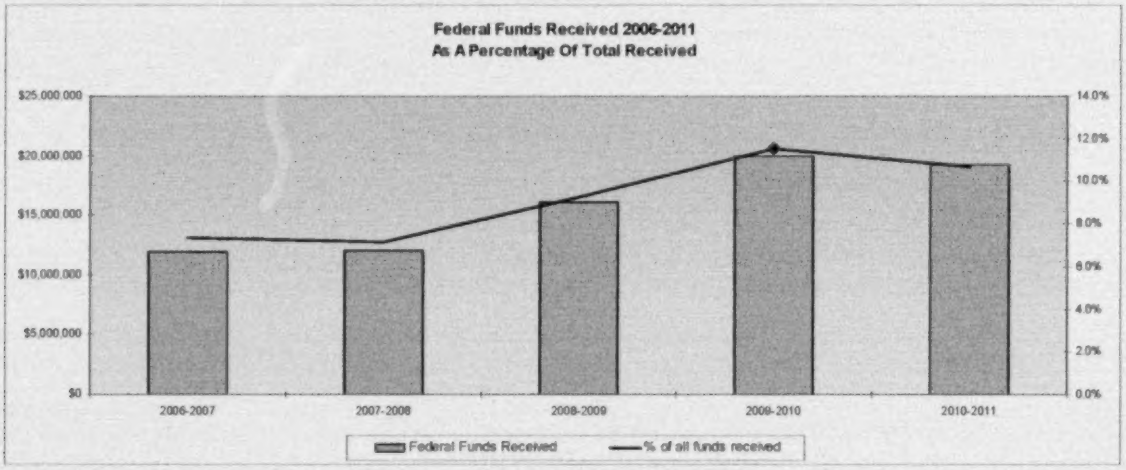
4.2 Payment Processing

The FMEP processed a record number of payments in 2010-2011. Over 525,000 payments were processed, averaging 2,059 per day. The type of payments processed by the FMEP is slowly changing. An increasing number of payments are being made using electronic methods, such as telephone or internet banking. These electronic banking options accounted for 29.1 percent of dollars received during 2010-2011. Electronic banking options have also been increasingly successful in distributing funds to recipients, with well over $117 million dollars flowing to recipients using direct deposit in the last fiscal year. This is the second consecutive year where over $100 million dollars was sent to clients by direct deposit. Direct deposit now accounts for 57 percent of all financial transactions (65.5 percent of dollars) distributed by the FMEP.



Notwithstanding these changes, the FMEP continues to send out a large volume of government cheques to recipients, with almost 25 percent of payments in any month being sent by government cheques. A Program-wide initiative in 2011 to require recipients to receive payments by direct deposit should significantly reduce the number of these costly payments.

Payments from the federal government continue to account for a significant percentage of the total payments received. These payments, from the interception of income tax refunds, employment insurance, GST/HST rebates and pension payments, amounted to $19.2 million in 2010-2011. Although the number of payments from the federal government was up slightly, the total value of the payments was down. Nonetheless, payments from the federal government accounted for 10.7 percent of the total payment received by the FMEP.



4.3 Enforcement

The FMEP records two distinct types of enforcement – administrative enforcement, which includes actions such as garnishment or attachment of various sources of funds, restriction of licenses and registration of liens, and court enforcement which involves obtaining court orders against payors requiring payment of outstanding arrears.

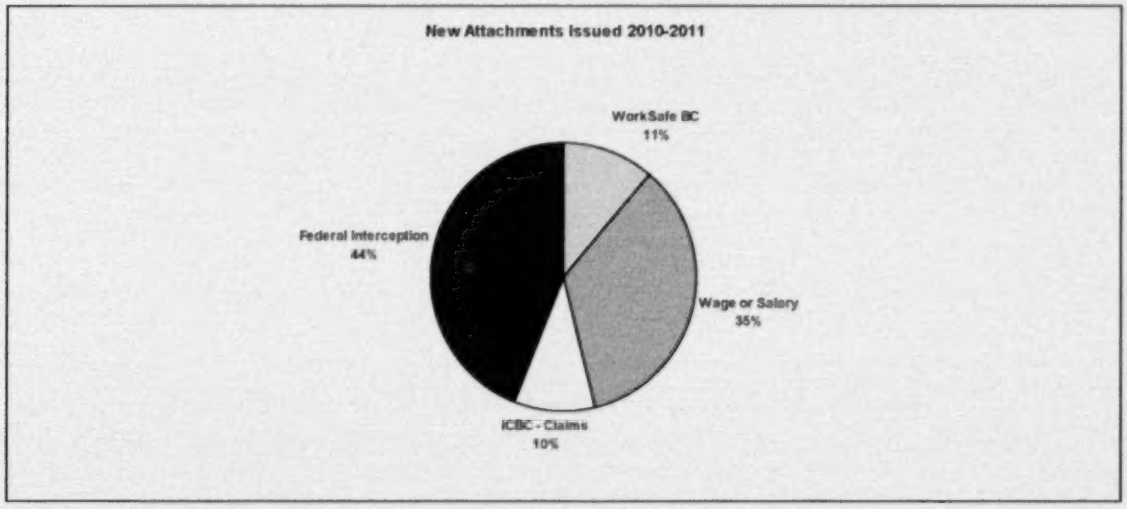
> *"I would like to thank you very much for letting me participate in this totally amazing program. I will be forever grateful. It really did help out in difficult times. Thank you for being there for me."*
> - FMEP Recipient

4.4 Administrative Enforcement

The 2010-2011 year saw a decrease in the overall number of enforcement actions, as the impact of the implementation of the 2009 legislative changes have now passed. The introduction of the ability to garnishee joint bank accounts in 2009 led to a significant spike in the number of new bank attachments, however, as this type of attachment has now been utilized on most FMEP cases in default, the number of attachments has now returned to previous levels.

In 2010-2011 the FMEP issued over 21,000 attachments (not including bank attachments) to

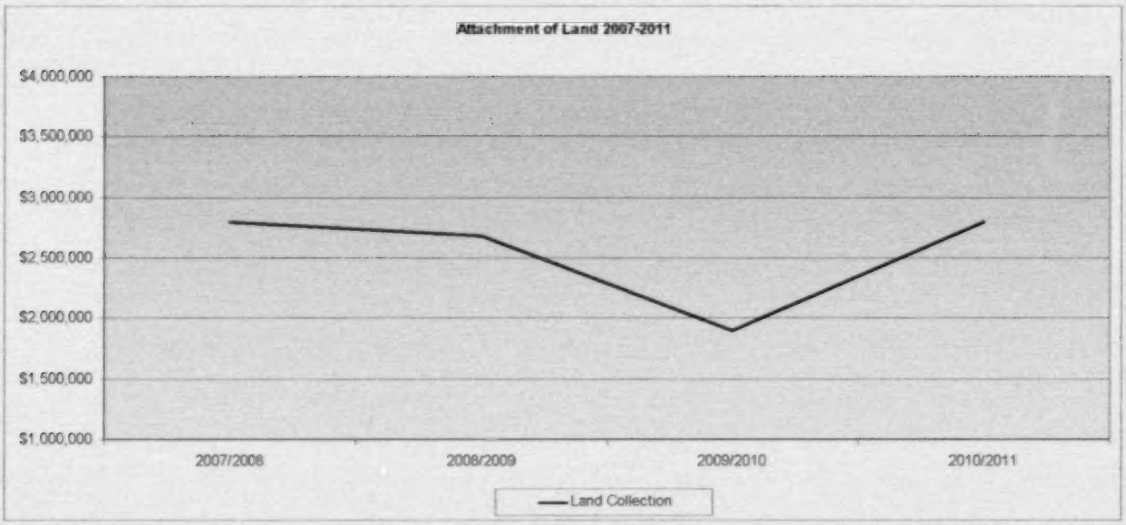
sources of income, such as employers or insurers providing wage replacement. Of these attachments about 35 percent were attachment of wages, 44 percent were issued to the Federal Government to attach income tax and employment insurance, 10 percent were to intercept funds paid out from ICBC claims, and the remaining 11 percent were attachments of WorkSafe BC payouts.



Other administrative enforcement actions saw small increases, consistent with the pattern over prior years, as shown in the chart below.

Enforcement Actions in Place	2007-2008	2008-2009	2009-2010	2010-2011
Notices of Federal Interception	19,867	21,106	21,112	22,079
Driver's Licence Withholding	9457	9777	9974	10,227
Federal Licence Denial	10,550	11,245	11,760	12,470
Land Registration	2546	2520	2575	2722

As the real estate market recovered in 2010-2011, both in terms of sales and increased average sales price, registrations of maintenance orders against property also increased. The recoveries from the sale of property has significantly increased this year over last and ended a three year decline in recoveries from attachment to land. In 2010-2011 just over $2.8 million was directly or indirectly collected as a result of FMEP filing liens against land.

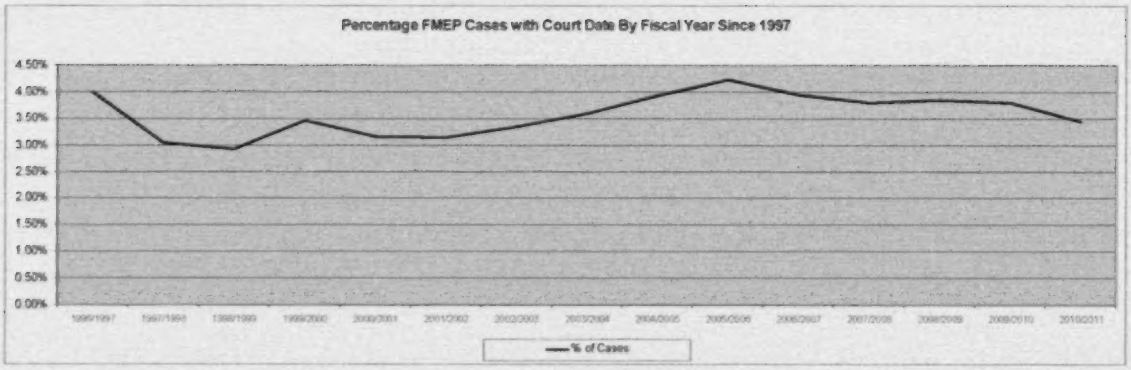


4.5 Court Enforcement

There was a marked decrease in the number of new Court enforcements issued in 2010-2011, reflecting the decision of the FMEP to focus available resources on administrative enforcement. The number of new Court actions initiated in Courts outside the Lower Mainland, Vancouver Island and the Okanagan was down sharply.

Type of Court Enforcement	2008-2009	2009-2010	2010-2011
New Default Hearings	493	494	295
Default Hearings in Progress	461	484	468
New Committal Hearings	198	213	98
Committal Hearings in Progress	109	154	166

However, given the number of cases still working their way through the Court system from prior years, the percentage of cases where Court enforcement is in place declined only slightly, from 3.79 percent of cases to 3.45 percent of cases. This percentage has remained below four percent every year since 1997, with the exception of a single year (2004-2005) when it rose to 4.24 percent of the caseload.

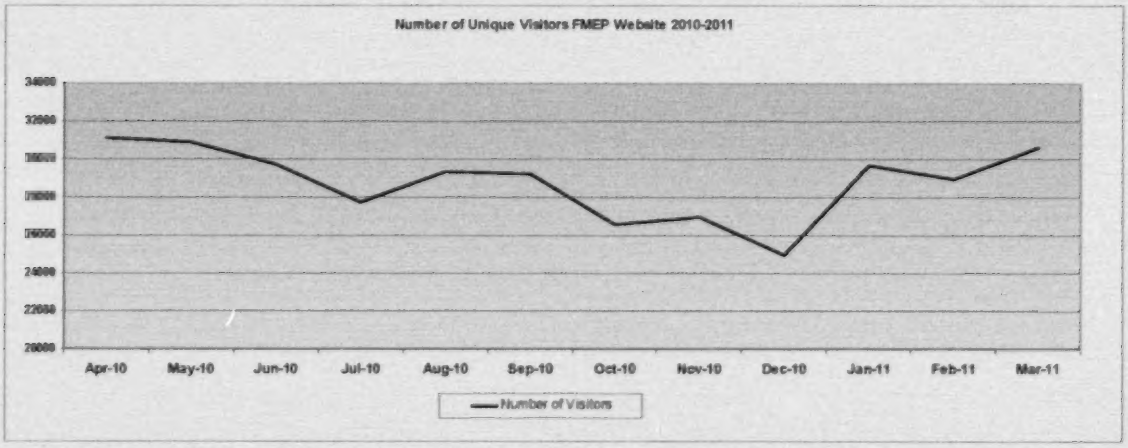


Research undertaken by the FMEP and the Ministry of Attorney General in 2010-2011 confirmed the effectiveness of these Court applications. As of March 31, 2011 there were 1226 cases where an order had been made by the Court under the default hearing section of the *Family Maintenance Enforcement Act* for payment with the possibility of incarceration if payments were not made. During 2010-2011 an average month had 1,017 cases with enforcement orders providing some form of payment. While not every case was paid in full, these results show that the Court enforcement process can be an effective means of encouraging payors to comply with their maintenance obligations.

4.6 Client Service and Communications

The FMEP website has become an important means for the FMEP to communicate with its clients. One in four recipients now uses the FMEP website on a regular basis.

The 2010-2011 year saw a continuation of the trends from prior years. Incoming calls to the FMEP call centre were down by two percent over the previous year. Calls to the Interactive Voice Response (IVR) system continued to drop, declining by 14 percent over the year. The number of clients using the FMEP website continues to grow. In 2010-2011, the number of monthly visits dropped quite significantly in the first few months of the fiscal year, as seen in the chart below, but then increased sharply in the last quarter. Over the year, 23 percent of recipients used the website, and total visits to the website by payors, recipients and others exceeded 1.1 million.

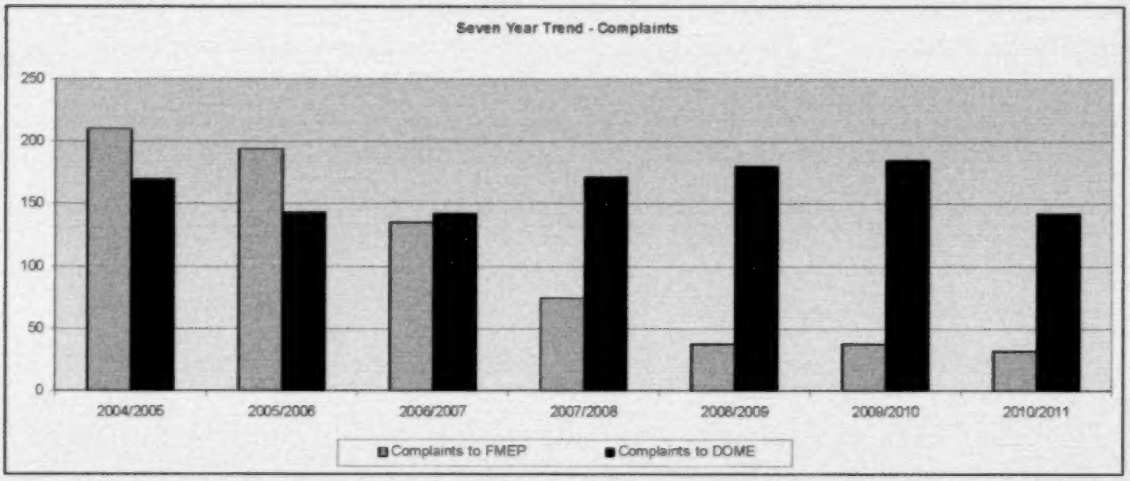


For the second year in a row, the FMEP responded to over 50,000 messages from clients through the website, highlighting the importance of the website as a means for FMEP clients to communicate with the FMEP.

Outreach services by FMEP's two Outreach Officers continue to provide a useful means of connecting with clients in a number of communities in British Columbia. In 2010-2011, the FMEP Outreach Officers provided services in the newly established Justice Access Centres in Nanaimo, West Fraser, Vancouver and Kelowna. The Outreach Officers saw 1,287 clients over the year, a 6% reduction from the previous year. West Fraser is the busiest area for Outreach services, with just under half of the total clients being served in that Justice Access Centre. Outreach Officers also collect funds during the course of their work. The total amount collected in 2010-2011 was $458,970, a slight increase over the previous year.

5. CLIENT SERVICE AND COMPLAINTS

The FMEP continues to focus on providing excellent customer service, as our experience shows that good customer service leads to greater compliance with maintenance orders. Complaints about the FMEP continue to be very low, less than one half of one percent of clients complain about the FMEP. In 2010-2011, there were 174 complaints to the FMEP and to the office of the Director of Maintenance Enforcement, down from 222 in the previous year. As the chart below shows, there has been a steady decline in complaints over the past seven years.



6. PROGRAM INITIATIVES

Like many government programs, the FMEP continues to face serious resource challenges. Although some reduction in services has been necessary, the FMEP continues to focus its efforts on finding ways to reduce costs and increase efficiencies. Efforts to move clients to electronic banking for paying and receiving maintenance have reduced costs associated with cheques and postage, and the FMEP expects to eliminate the mailing of government cheques to clients by early 2012. Legislative amendments introduced in early 2011 will support these efficiency initiatives, eliminating the need to file copies of documents with the Courts and supporting increased electronic payments.

In 2010-2011 a major IT infrastructure project was initiated, with the expected result that the FMEP will be in a better position to integrate more seamlessly with other government programs to exchange data and documents.

6.1 Staff and Program Cost

There was a slight reduction (from 203 to 196) in the number of staff at the FMEP for 2010-2011. The total cost of the Program was $16,739,606, with $10.73 collected for each dollar invested in the FMEP.

7. OUTLOOK FOR 2011-2012

The FMEP continues to provide a much needed service for children and families in British Columbia. Increasingly, it is becoming apparent that the assistance the Program provides to families with children in post-secondary education is critical to ensuring that children from divorced and separated families receive the education they need to become productive members of our community.

In the upcoming year the Program will continue to focus on making processes more efficient, both for our own operations and for our partners. A long-awaited initiative to reduce the number of documents required to be filed in court will be implemented in 2011, creating savings for both the FMEP and Court Services.

In the year ahead, the FMEP will also finalize its transition to electronic payments for all clients and payment sources. Eliminating the processing of cheques will reduce payment processing times for everyone, and increase the security of payments to recipients.

The transition to electronic communications is also part of our future as we improve the ways that clients and enforcement partners can communicate with us, with a planned redesign of the FMEP website, increased channels of communication for employers, and improvements to our telephone systems.

The results from the past two years show that, despite the difficult economic times, most paying parents are committed to the support of their children and have done their best to ensure that the children receive the financial support they need. We look forward to a continuation of this trend for the upcoming year.